



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

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May 21, 2014

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. Fujioka", is written over the printed name and title.

SACRAMENTO UPDATE

Executive Summary

This memorandum contains reports on the following:

- **Pursuit of County Position on a State Budget Item.** The Governor's FY 2014-15 May Revision proposes \$100.0 million in additional funding to repay a portion of the mandate deferrals owed to local governments for costs incurred prior to 2004. Therefore, unless otherwise directed by the Board, consistent with existing policy to support legislation to set aside a certain date for the payment of deferred SB 90 reimbursements and the Board's support of Proposition 1A of 2004, **the Sacramento advocates will support the Governor's May Revision proposal to allocate \$100.0 million in additional funding to repay a portion of pre-2004 mandate deferrals owed to local governments.**
- **Change of County Position on County-Opposed AB 2732 (Committee on Insurance).** This measure relates to requiring employers to reimburse claimants for workers' compensation lien fees. The Chief Executive Office Risk Management Branch reports that recent clarifications indicate that this measure will have minimal County impact. Therefore, **unless otherwise directed by the Board, the Sacramento advocates will remove the County's opposition to AB 2732 and will take no position on this measure.**

"To Enrich Lives Through Effective And Caring Service"

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- **Status of County-Advocacy Legislation**

- **County-supported AB 1839 (Gatto and Bocanegra)** - related to qualified motion picture tax credits, was placed on the Assembly Appropriations Committee Suspense File on May 21, 2014.
- **County-support-if-amended AB 1922 (Gomez)** - related to the development of greenways along rivers in the State through public and private partnerships passed the Assembly on May 19, 2014, and now proceeds to the Senate.
- **County-support-and-amend SB 270 (Padilla)** - related to the phase-out of single-use plastic bags in California grocery stores, convenience stores, liquor stores, and pharmacies, was amended on May 20, 2014. **The Sacramento advocates will continue to support this bill and request amendments to: 1) clarify whether or not convenience stores without liquor licenses are required to comply with the bag requirements; 2) strengthen the standards for recycled paper bags; and 3) clarify the difference between compostable bags and compostable plastic bags.**

- **Status of Legislation of County Interest**

- **AB 2403 (Rendon)** - related to the definition of water in relation to Proposition 218 of 1996 passed the Assembly on May 19, 2014, and now proceeds to the Senate.

Pursuit of County Position on a State Budget Item

The Governor's May Revision proposes \$100.0 million in additional funding to repay a portion of the mandate deferrals owed to local governments. Of this amount, 73 percent would be allocated to reimburse counties. **Based on the percentage allocated to counties and the information available to date, it is estimated that the County's share of the \$100.0 million would be approximately \$16.8 million to \$25.0 million.** It should be noted that any amount received would partially offset the approximate \$180.0 million that is owed to the County for mandate costs incurred prior to FY 2003-04. The proposed \$100.0 million for FY 2014-15 would be discretionary and may be used by local governments to address local priorities.

As reported in the February 21, 2014 Sacramento Update, the County supported the January Budget proposal to fully repay school deferrals in FY 2014-15 and the Governor's plan to reimburse local governments, schools, and community colleges for previously unfunded State mandate costs as soon as possible. The County also requested that the Administration accelerate reimbursement of mandate payment deferrals owed to local governments in FY 2014-15 or include statutory language in the FY 2014-15 State Budget Act indicating the State's commitment to reimburse local governments no later than FY 2015-16. The Governor's May Revisions proposal to allocate \$100.0 million in FY 2014-15 to repay a portion of the mandate deferrals would accelerate reimbursement to local governments. Therefore, unless otherwise directed by the Board, consistent with existing policy to support legislation to set aside a certain date for the payment of deferred SB 90 reimbursements and the Board's support of Proposition 1A of 2004, **the Sacramento advocates will support the Governor's May Revision proposal to allocate \$100.0 million in additional funding to repay a portion of the pre-2004 mandate deferrals owed to local governments.**

The Governor's May Revision proposal to repay a portion of pre-2004 mandate deferrals owed to local governments is supported by the California State Association of Counties. There is currently no registered opposition on file for this proposal, and this budget item has yet to be scheduled for consideration by the Legislature in a budget committee hearing.

Change of County Position on Legislation

County-opposed AB 2732 (Committee on Insurance), which as amended on March 28, 2014, would amend specified provisions of the workers' compensation system reforms enacted in SB 863 (Chapter 363, Statutes of 2012), including amending lien provisions to require employers to reimburse lien claimants for fees that were paid to the State by the claimant.

The Chief Executive Office Risk Management Branch (CEO-RMB) reports that after careful analysis of clarifications provided by committee staff, they estimate this measure will have minimal impact on the County. CEO-RMB and County Counsel indicate that the resolution of liens is based on a cost benefit analysis, and repayment of lien fees, if requested, would be considered as part of a larger settlement negotiated by the County. As such, the County would not necessarily have to pay lien fees as part of a negotiated settlement. Therefore, **unless otherwise directed by the Board, the Sacramento advocates will remove the County's opposition to AB 2732 and will take no position on this measure.**

Status of County-Advocacy Legislation

County-supported AB 1839 (Gatto and Bocanegra), which as amended on March 19, 2014, would: 1) beginning on or after January 1, 2016, establish qualified motion picture tax credits under the Personal Income Tax Law and Corporation Tax Law for the period of July 1, 2016 through June 30, 2021; 2) extend the scope of the tax credits for a qualified motion picture to the applicable percentage of qualified expenditures up to \$100.0 million; 3) extend the availability of the tax credits to television pilot episodes and music scoring/editing; 4) offer tax credits to television series that relocate to the State; 5) limit the aggregate amount of tax credits allocated each fiscal year to a yet-to-be-determined amount; and 6) set aside a specific amount of tax credits allocated each fiscal year for independent films and television series that relocate to the State, was placed on the Assembly Appropriations Committee Suspense File on May 21, 2014.

County-support-if-amended AB 1922 (Gomez), which as amended on May 13, 2014, would enact the Greenway Development and Sustainment Act, which is intended to promote the development of greenways along rivers in the State through public and private partnerships, including the development of a greenway along the Los Angeles River, passed the Assembly by a vote of 58 to 17 on May 19, 2014. This measure now proceeds to the Senate.

County-support-and-amend SB 270 (Padilla), which as amended on March 27, 2014, would: 1) phase out single-use plastic bags in California grocery stores, convenience stores, liquor stores, and pharmacies by prohibiting them from providing a single-use carryout bag to a customer; 2) prohibit these stores from selling or distributing a recycled paper bag at the point-of-sale unless the store makes that bag available for purchase for not less than ten cents (\$0.10); and 3) allow a city, county or other local public agency that has adopted an ordinance, resolution, regulation, or rule relating to reusable grocery bags, single-use carryout bags, or recycled paper bags before September 1, 2014 to continue to enforce and implement that ordinance, was amended on May 20, 2014. As amended, the bill now includes reusable plastic bag standards that are comparable to the County's standards and removes reference to appropriating the funds for loans and grants for single-use plastic bag manufacturers who transition their manufacturing to reusable grocery bags from the over-subscribed Recycling Market Development Revolving Loan account. Both of these amendments were requested by the Department of Public Works.

The Department of Public Works has reviewed the amendments to SB 270 and reports that, while the recent amendments address some of the concerns raised by previous versions of the bill, it still does not clarify whether or not convenience stores without liquor licenses are required to comply with the bag requirements. The bill also does not

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strengthen the standards for recycled paper bags or clarify the difference between compostable bags and compostable plastic bags. **Therefore, the Sacramento advocates will continue to support SB 270 and request amendments to address these outstanding issues.**

Legislation of County Interest

AB 2403 (Rendon), which as amended on April 10, 2014, would modify the definition of water for purposes of Article XIII C and Article XIII D of the California Constitution to specifically include recycled water and reclaimed stormwater for the provision of water service and for the purposes of exemption from the election requirement for all property-related fees under Proposition 218 of 1996, was amended on May 15, 2014. As amended, the bill would now revise the definition of water for the for purposes of Article XIII C and Article XIII D of the California Constitution to add "from any source" rather than specifically including recycled water and reclaimed stormwater. AB 2403 passed the Assembly by a vote of 74 to 1. This measure now proceeds to the Senate.

We will continue to keep you advised.

WTF:RA
MR:KA:IGEA:ma

c: All Department Heads
Legislative Strategist